

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF WEST VIRGINIA**

In re) **Chapter 11**
)
FREEDOM INDUSTRIES, INC.)
)
) **Case No. 14-20017-RGP**
)
Debtor.)
)

**CRO TIME REPORT FOR THE PERIOD
9-1-14 THROUGH 6-30-15**

FREEDOM INDUSTRIES

TO: Mark Freedlander, McGuireWoods
From: Mark Welch, CRO Freedom Industries
Date: August 12, 2015
RE: CRO Time Report for the period 9-1-14 through 6-30-15

Mark Welch, CRO of Freedom Industries, hereby submits the within fee statement and statement of reimbursable expenses for the period ending June 30, 2015. All fees and expenses have been paid in accordance with the CRO Retention Agreement.

- During the period, pursuant to the CRO Retention Agreement, compensable CRO hours were capped at 1,097 hours.
- CRO actual hours for the period were 1,424.50 (see Exhibit A).
- The CRO capped fees for the period were \$466,225.
- Actual fees, if all hours billed were compensable were \$605,225.
- Hourly fee rate was \$425 and actual blended rate was \$327, representing a discount of 25% to Freedom.
- The CRO was paid \$444,975 of the maximum allowed fees of \$466,225, leaving an unpaid balance in the amount of \$21,250.
- The CRO was paid \$24,797.97 in expenses of the total invoiced expenses of \$24,934.22, leaving unpaid expenses of \$136.25
- The CRO total unpaid balance of fees and expenses through June 30, 2015 is \$21,386.25
- Actual hours of the CRO compared to capped hours of the CRO were required due to unforeseen changes in environmental matters, WVDEP oversight requirements, additional compliance matters and operational changes, including the following:
 - CRO had to replace site contractors and transition a new contractor.
 - CRO had negotiate new avenues for soil and water transport due to environmental constraints placed on Freedom.
 - Rain fall and other weather related factors in conjunction with negotiating out of state providers to process in June and July has caused significant delay in remediation completion..
 - CRO had to initiate extensive testing and profiling on impacted and other soil before contracts would negotiate removal. Treatability studies and offsite testing delayed plans to immediately remove and remediate soil.
 - CRO had to contend with additional reporting, analysis and frequent negotiations with the Charleston Sanitary Board to procure local water removal.
 - CRO took over on-site management of the facility to reduce contractor costs.
 - CRO reduced certain professional services to save available cash which added additional work load and supervision onto the CRO's schedule.
 - CRO was tasked with finalizing the VRP application and requirements for WVDEP. Included application process, public meetings, further inspection and additional oversight.

- For the period, the Etowah site experienced additional tours and inspections that were not anticipated in the original CRO billing plan. The CRO was required to be on site and coordinate tours and tasks that included:
 - Additional testing of MCHM and waste water drums for litigation purposes.
 - Walkthrough and tours for potential site purchasers.
 - Federal and State governmental inspectors and investigation agents
 - Subpoenas, inspections and interviews.
 - Placement of additional monitoring equipment by EDP
 - CSB inspection and trench inspections
 - Media and Press inquiries and tours
 - Additional inspection by general contractors, water processing facilities, waste disposal and other.
- Unanticipated additional site planning and construction duties included:
 - Facilitating additional demolition including pump house, covert piping.
 - Construction of a diversion ditch which eliminated over 40% of water collections.
 - Upper trench to divert ground and storm water around property to reduce processing costs.
 - Dismantle of fire suppression pump house and footers
 - Remediation of over 900 cubic yards of impacted soil.
 - Additional pumping stations and well construction
 - Construction of a water filtration system and tank separation unit
 - Trench overhauls and road work
 - Electrical upgrade and automatic pump system
 - Additional liner, routing and soil cover in place
 - Repair and upgrades on the oil separator and water collection system
- The following is a table by week showing maximum hours allowed compared to actual hours dedicated to the project:

Week Ending	Capped Hours	Actual Hours
9/7/14	30	43
9/14/14	30	45
9/21/14	30	45
9/28/14	30	47
10/5/14	30	44
10/12/14	30	43
10/19/14	30	42
10/26/14	30	41
11/2/14	30	43
11/9/14	30	45
11/16/14	30	43
11/23/14	30	43
11/30/14	30	40
12/7/14	30	41
12/14/14	30	40
12/21/14	30	37

12/28/14	15	15
1/4/15	24	24
1/11/15	20	20
1/18/15	30	39
1/25/15	20	20
2/1/15	30	34
2/8/15	30	42
2/15/15	30	41
2/22/15	30	40
3/1/15	30	38
3/8/15	30	46
3/15/15	30	43
3/22/15	18	18
3/29/15	30	37
4/5/15	30	42
4/12/15	30	36
4/19/15	16	16
4/26/15	30	41
5/3/15	30	38
5/10/15	20	20
5/17/15	20	20
5/24/15	24	24
5/31/15	16	16
6/7/15	16	16
6/14/15	16	16
6/21/15	2	2
6/28/15	0	0
Total	1,097.00	1,424.50

- The following is a table by week showing maximum fees allowed compared to actual CRO fees that would have been charged if there were not a fee cap:

Week Ending	Maximum Fees	Actual Fees
9/7/14	12,750	18,063
9/14/14	12,750	19,125
9/21/14	12,750	18,913
9/28/14	12,750	19,975
10/5/14	12,750	18,700
10/12/14	12,750	18,275
10/19/14	12,750	17,850
10/26/14	12,750	17,425
11/2/14	12,750	18,063
11/9/14	12,750	19,125
11/16/14	12,750	18,275
11/23/14	12,750	18,275
11/30/14	12,750	17,000
12/7/14	12,750	17,425
12/14/14	12,750	17,000
12/21/14	12,750	15,725

12/28/14	6,375	6,375
1/4/15	10,200	10,200
1/11/15	8,500	8,500
1/18/15	12,750	16,575
1/25/15	8,500	8,500
2/1/15	12,750	14,450
2/8/15	12,750	17,850
2/15/15	12,750	17,425
2/22/15	12,750	17,000
3/1/15	12,750	16,150
3/8/15	12,750	19,550
3/15/15	12,750	18,275
3/22/15	7,650	7,650
3/29/15	12,750	15,725
4/5/15	12,750	17,850
4/12/15	12,750	15,300
4/19/15	6,800	6,800
4/26/15	12,750	17,425
5/3/15	12,750	16,150
5/10/15	8,500	8,487
5/17/15	8,500	8,500
5/24/15	10,200	10,200
5/31/15	6,800	6,800
6/7/15	6,800	6,800
6/14/15	6,800	6,800
6/21/15	850	850
6/28/15	-	18,063
Total	\$466,225.00	\$605,399.75

- The following table shows an allocation of actual time based on 9 primary billing task codes.

<u>Code</u>	<u>Description</u>	<u>Hours</u>	<u>Percentage</u>
1	Chapter 11 Case Administration	430.60	30.2%
2	Financial Reporting and Budget	231.70	16.3%
3	Environmental Matters	442.30	31.0%
4	Operational Matters	23.80	1.7%
5	Wind Down Matters	-	0.0%
6	Remediation, Demo and Facilities Matters	255.70	18.0%
7	Sales of Company/Assets	40.40	2.8%
8	Litigation/Criminal Matters	-	0.0%
9	Firm Retention and Fees	-	0.0%
Total		1,424.50	100.0%

- Reimbursed expenses for the period totaled \$15,589.31. The average weekly cost of reimbursable expenses were \$742.35(See Exhibit B)

Category	Cost	Per Week
Auto Rental	8,711.02	235.43
Gas	1,310.60	35.42
Lodging	9,371.91	253.29
Meals	1,890.39	51.09
Parking	564.00	15.24
Supplies, Pacer and Other	1,497.00	40.46
Mileage	<u>1,589.3</u>	<u>42.95</u>
Total	\$24,934.22	\$673.90

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